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Why Farmers and Stock Growers Should Join the Co-operative Pool

Form of Organization Adopted at Their Own Request is Based on Principles Proved by Success in Countries Where It Has Been Adopted

The first and foremost reason is because it is a co-operative undertaking, and because it is greeted by the best statesmen and economists on this continent that farmers must learn to co-operate in order to solve the economic difficulties with which they are now confronted. In support of this, they cite the case of Denmark, which in fifty years raised itself from among the poorest states in the continent of Europe, to that of having the highest level of comfort, particularly among her rural population, of any country on that continent, and that this progress was mainly due to the adoption of the co-operative principle among her farmers, i.e., co-operative credits, co-operation in turning out a uniform, high quality product and co-operation in manufacturing and selling it.

The farmers should join because Pool organization is the highest form of co-operative effort known at the present time.

PLAN FORMULATED AT FARMERS' REQUEST

The farmers of Alberta should support the Pool, because the form of organization submitted to them was formulated at their own request through their own organization and was accepted and approved and is supported by that organization.

They should support it because the plan of organization submitted contains all of those features that the leading writers on co-operation assert are essential to successful co-operative effort; namely, democratic control; equality of voting power; proportional participation in earnings; placing purely local matters under the control of a local board; making all officials accountable to the body that elected or appointed them and those in turn answerable for their action to the contract signers.

They should support the Pool because by combining their selling strength, they will be able to protect themselves against many of those impositions now being placed upon them, prominent among which are the excessive dockages on "off type" animals, especially hogs; a striking illustration of which were the cuts placed on No. 2 cows during the late summer and early autumn months of 1924, when one firm of speculators was able to clean up a profit of between \$8,000 and \$7,000 in less than two months by shipping animals of that class to the United States. Work of this nature can be handled on by the Pool in the interest of the producers; once it has the volume necessary to enable it to make carload shipments of one class of animals economically. A large volume under the control of the Pool is necessary for the further reason of removing from opposing interests the temptation to ignore or crush it, and in order to give the farmers' salesman a bargaining power equal to that possessed by those with whom he must deal.

The article printed on this page is contributed by a Director of the Alberta Co-operative Livestock Producers, Ltd. The major arguments advanced in favor of the Livestock Pool apply with equal force to the Egg and Poultry Pool and the Dairy Pool. The joint campaign of the three Pool Boards, the U. F. A., and members of the Legislative Assembly, to obtain signatures to the Pool Contracts, is now under way throughout the Province.

PROTECTION AGAINST EFFECTS OF HEAVY RUNS

The farmers should support the Pool in order to put it in a position to protect them against the effects of those heavy runs of stock which occur almost every autumn. A surplus over immediate requirements is always fatal to prices. In order to reduce the effects of these

surpluses, some means are necessary to check, in some measure, the size of these runs, and some avenue must be kept open through which these surpluses can be diverted and prices maintained.

A knowledge of the relation of variations in supply and demand to fluctuations in prices is one of the most important lines of information that one can possess in this connection. The President of the Agricultural College of British Columbia gives it as a general rule that unless an avenue for diverting surpluses can be kept open, the fall in price is three times as great as the amount of the surplus of supplies. The potato growers of the United States found in 1922 that because they grew 92 million bushels more potatoes in that year than they did in 1921, they handled 434 million dollars less money. In this case an increase in supply of 25 per cent. resulted in a decrease in the price per bushel of 46 per cent.

BARGAINING POWER VARIES WITH OUTPUT

Another reason why all farmers and stock growers should join the Pool is that the bargaining power of any selling agency varies in proportion to the extent to which it controls the annual available output of the commodity which it handles. Every man who stays out reduces the extent of this control and contributes an element of weakness to the farmers' cause; he leaves a gap in the solid front which is so essential to success; he is the "unattached" factor that opposing interests are looking for to enlist in their cause and to serve their ends.

Another reason why the farmer should join the Pool is that the controlled marketing of their principal product, namely, wheat, has resulted very much to their benefit so far as it has been tried.

Stock growers can identify themselves with the Pool by signing the association contract and paying the membership fee of Two Dollars; then, when the necessary sign-up has been effected, they can complete the organization by joining with other stock growers in forming a local shipping association, and electing a delegate to the general convention, which in turn will elect the permanent board of directors and organize the selling agency. In this manner the entire machinery of the Pool will then be under the control of the contract signers and the Pool will possess that democratic form which is the first requisite to permanency and success.

Vernor Smith Replies to Liberal Demand for "Business Government" in Detailed Figures Dealing With Record of the Last Business Administration

Budget Carried—Assembly Unanimously Adopts Resolution Urging Legislation This Year for System of Federal Long Term Farm Loans—George Johnston Rescues Invitation to Urban Citizenship for Non-Partisan Co-operation—Co-operation and "Opposition" on Principle Irreconcilable

Staff Correspondence

Saved \$804,918 on Railway Management Since the Year 1921

V. W. Smith Compares U. F. A. Record With That of "Business Administration"—Liberal Amendment Lost—G. N. Johnston on Group Representation

MONDAY'S SITTING

EDMONTON, March 18.—Replying to the demand of the Liberal party for the installation under its own auspices of a "business administration", V. W. Smith, Minister of Railways and Telephones, in the debate on the budget today, submitted facts and figures relative to the administration of his own department in past years, and since the U. F. A. Government came into office. G. N. Johnston, Coroner (U. F. A.), in the course of the debate, made a strong appeal for the elimination of partisanship from the affairs of the Legislature, pointing out that the U. F. A. would welcome co-operation from representatives of the cities, but that at present the majority of these representatives were organized for the specific purposes of opposition and not of co-operation. Mr. Johnston's address created a deep impression, and was followed with close attention by visitors, who were present in large numbers in the galleries.

MOVES FOR REDUCTION OF \$804,918

At the close of his speech this afternoon, J. C. Brown, Edmonton (Liberal), moved an amendment to the budget resolution, that the 1925 estimates be referred back to the Government for further consideration, and for reduction of at least \$804,918 in the proposed expenditure for the year. None of the Liberal members of the Assembly, however, rose to speak in support of this resolution, or to explain where they wished reductions to be made, and in consequence the resolution went to a vote without debate. It was defeated by 22 votes to 11. W. M. Davidson, Calgary (Independent), voting with the Liberal party. The resolution set forth that the estimates for 1925 provided for an increase of expenditure as compared with 1924 of about half a million dollars; that the estimated revenue would be the lowest in the history of the Province by about three-quarters of a million dollars; that expenditure must be curtailed if increased taxation were

The budget resolution was carried on March 18th, by 22 votes to 11, the Labor members voting with the Government.

A resolution urging the Dominion Government to introduce legislation this session, to provide for a system of Federal Farm Loans, was adopted by the Assembly unanimously.

A motion to reduce the estimates by \$800,000 was defeated by 22 votes to 11.

A number of important resolutions on the order paper are still to be discussed. These will be dealt with when they come before the Assembly for consideration.

Important meetings of the Committee on Agriculture for consideration of the report of the Royal Grain Inquiry Board and other matters, have commenced, and a report on the results of the proceedings will be given in "The U. F. A." in due course.

to be avoided; and that the Assembly "viewed with disappointment" the failure of the Government to "adopt a vigorous policy of retrenchment".

With the exception of Mr. Davidson, all the members on the Labor and Independent benches voted with the Government, the vote being as follows:

For the amendment: Messieurs Mitchell, Tobin, Marshall, Nowen, Mrs. McClung, Mills, Dechene, McLennan, Hafferman, Giroux, Davidson.—11.

Against the amendment: Messieurs Greenfield, Brownlee, Hoadley, Reid, Ross, Parley, V. W. Smith, Baker, Love, Claypool, Forster, MacLachlan, Sparks, Cameron, Galbraith, N. S. Smith, Sheld, Carson, Moore, McKee, Brown, St. Arnaud, Andrews, Buckley, Peterson, Cook, W. C. Smith, G. W. Smith, G. N. Johnston, Sanders, Kneenamer, Proudfoot, Connor, Fedan, Chernushin, Pearson, White, Christophers, W. G. Johnston.

Remarking that a great deal had been heard from the Liberal side of the Assembly as to the necessity for a "business administration", V. W. Smith, Minister of Railways and Telephones, pointed out that for sixteen years Alberta had been under the direction of a so-called "business administration". The advice of Mr. Mitchell, and of Mr. Henry, who in his maiden speech had offered instruction in this matter to the Assembly, were well worthy of consideration, and it would be of special interest to review the record of this "business" Government, in order that the people of the Province might "appreciate the extent to which the people profited by the business acumen of our former Government

and its supporters, and just to what extent we might be justified in placing our confidence in them in the future."

Turning then to his own department in particular, Mr. Smith outlined the large economies in the administration of the Provincial railways, both in operating and construction costs, effected since the U. F. A. Government came into office. The results obtained fully demonstrated the ability of the department to conduct the railways in accordance with approved business methods, and with regard to the best interests of the Province as a whole.

SAVING OF \$365,000.17 ON GOVERNMENT RAILWAYS

"The combined net operating deficits of the Alberta & Great Waterways and Lacombe & North-Western Railways," said the Minister, "have been reduced from an average of \$143,723.11 per annum under the former administration, to \$23,039.72 per annum under the present management—an aggregate saving in the last three years of \$365,000.17. This saving has been effected as the result of economies in track maintenance, reduced payroll, economies in the stores and mechanical departments, and reductions in fuel purchases.

"A comparison of the costs of work performed on the Provincial Railways in recent years throws further light on the results obtained under the previous administration—the self-styled Business Government. The average cost of ballast distributed on the Alberta & Great Waterways Railway in the year 1921, under the former management, was \$1.72 per cubic yard, while in 1922 the cost was reduced to 86c per cubic yard on the Alberta & Great Waterways Railway and to 68c per cubic yard on the Lacombe & North-Western Railway. In the year 1921 the average cost of ballast distributed on the Edmonton, Dunrobin & B. C. and Central Canada Railways was \$1.57 per cubic yard, while the average cost on the E. D. & B. C. and C. C. R. extensions constructed by the Railway department in the year 1924 was 79c per cubic yard. These reductions represent a total of approximately \$362,000 saved to the Province in connection with ballast operations which it was necessary for the department to carry on since 1921.

"Similar results are observable in connection with the purchase of ties for the Alberta & Great Waterways Railway. In the year 1921, the last year of the so-called 'business management', the average cost per tie was 38c, while the average price for ties purchased since 1921

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EDITORIAL

FORGETTING THE PAST

After launching an attack on the U. F. A. Government, based on the claim of the Liberal party to superior "business brains", the Liberal members of the Legislative Assembly now deprecate any comparison being drawn between their own record as administrators and that of the present Government. W. M. Davidson, one of the two able Independent members for Calgary, and a former supporter of the party, has raised similar objections. Captain Robert Pearson, the other Calgary Independent, declares that in discussing the financial affairs of the Province it is impossible to ignore the past, because our present position is in large measure a legacy, but that undue concentration on past history is undesirable.

We believe that Captain Pearson's position is sound, and no member of the Legislature is more entitled than he to advance an opinion upon this matter. It has been said of the U. F. A. Government that it "lacks experience". When it assumed office in 1921, it did. No member of the Government had any practical acquaintance with the handling of a Government Department. But an impartial examination of the record which it has since established will convince any citizen of Alberta who cares to take the trouble to make it, that in the period of a little more than three years during which the present administration has been in charge of the affairs of the Province, more has been done to place the public business of Alberta on a business basis than in the previous fifteen years. All the evidence goes to show that while the former administrations possessed ability, and in the case of one former Premier, brilliance, departmental efficiency was never regarded as of outstanding importance, no matter how politically efficient at least one of the former Governments may have been.

The valuable figures dealing with the railway and telephone Departments given in the Legislature by Verner Smith, and the statistics on Provincial indebtedness presented by H. G. Reid, and published in this and former issues, form so illuminating and necessary commentary on the past and present. We do not call attention to them in any controversial spirit. In the days when the public, the press, and all the various commercial interests of Alberta and the Dominion were demanding lavish expenditures, in the hope that a recklessly undertaken policy of imaginative advertising for immigrants would provide shoulders broad enough to bear all of the new burdens, it was natural that Governments should think little of economy, in the correct sense of that much abused term. But the comparisons which are now being made between the brief record of the U. F. A. administration and the much longer record of the political party formerly in power are not only fully warranted—they cannot be avoided if the public is to have a definite criterion by which the administrative record of the present Government may be judged. The campaign which has been launched by party leaders with a view to creating a demand for a so-called "business administration" under political party auspices makes the presentation of these facts and figures imperative if the public is not to be the victim of misrepresentation.

The U. F. A. Government will be judged on its own record. But the problems with which it is wrestling cannot be fully understood without an appreciation of the nature of its financial inheritance.

One of the best speeches in the budget debate, according to those who heard it, was that of George Johnston, the member for Coronation, who renewed the invitation which the organized farmers have always held out to urban citizens, to non-partisan co-operation in the work of the Legislature. So long as the largest non-farmer group in the Assembly makes its express aim that of opposition, the plan which Mr. Johnston formulated cannot fully be realized.

If the cities should decide to send to the Legislature non-partisan representatives instructed to place business before "politics", in the less complimentary sense of that word, legislative efficiency would be increased by several hundred per cent. If the attitude which the U. F. A. has consistently maintained in regard to urban representation were made clear to the people of the cities through the city press, there would be a very distinct change in the character of city representation in the next Legislature.

The U. F. A. desires to co-operate with the people of the cities. It cannot co-operate at many points with those who are elected for the specific purpose of opposition. The Legislature will gain in efficiency in the degree in which the artificialities of political partisanship are displaced by the realities of public business.

PRETENSE

In opposing the Liberal amendment to the address, W. M. Davidson denounced the proposal sponsored by this political party as "insincere". Mr. Davidson's statement was accurate, as any visitor to the Legislative corridors would readily have discovered. About a week later, when George Johnston had commented, quite as accurately, on the lack of sincerity which the party system engendered, and had called attention to the very real difference between the attitude of the Liberal party and that of various other representatives in the Assembly, Mr. Davidson protested against the inclusion of the Liberals and declared they were an obstacle to their public discussion of public questions as any other members of the Assembly, which was not a very high compliment to the other members.

As individual members, freed from the trammels of partyism and its petty and peevish ambitions, members who are today primarily politicians could make a real contribution to the advancement of public business. In one or two cases, notably that of Mrs. McChung, party trammels are obviously irksome. The atmosphere of the debates in the Assembly is frequently vitiated, because some members retain a childish preference for pretense.

THE UNEMPLOYED "ARMY"

Mrs. McChung's well-balanced statement on the march of the unemployed, as published in a newspaper interview, was wiser than the comment of a number of pseudo-stricken newspapers which could see nothing more significant in this movement than that the men were "badly fed". The matter cannot be so easily dismissed. The number of genuine cases among the organized unemployed may be seventy per cent. or five per cent., but the fact of unemployment is real, and forms a somewhat tragic commentary on the great immigration convention called by members of Boards of Trade and similar organizations in Edmonton last week.

The unemployed who demonstrate form but a fraction of the total. Many of the worst cases are those of men who refuse to allow their position to become known. And however "extreme" the leaders of the unemployed may be, this at least must be said, that they have conducted themselves in an entirely orderly way, and made no enemies among the public. If the events of the past week should lead to a systematic study of the roots of this evil by the public, and an attempt to apply a sound remedy, the demonstrations, however much criticism they have aroused, will in the long run have done more good than harm. Unemployment is a symptom of a world condition, and in Great Britain, where the need for a solution is beginning to be understood, there is less danger of hysteria than in some parts of Canada. Happily, there has been little evidence of this in Alberta hitherto.

It is no disparagement of the Canadian corps to say that a considerable number of the men first recruited were unemployed when the war broke out, owing to the prevailing depression. Overseas, all proved their mettle. Today, some of them are members of the unemployed army and some (we do not believe that there are many) are perhaps unemployed, disabled, or may be, by a number of their more aggressive and efficient or more fortunate former comrades.

SAVING OF \$340,318 ON GOVERNMENT RAILWAYS MANAGEMENT SINCE 1921

(Continued from page 2)

is the. If the purchase of ties had continued at the prices paid in 1921 they would have cost the Province approximately \$104,500 in excess of what has actually been paid for ties since that year. Similarly, we find that, whereas the unit prices for loading and unloading ties in the year 1921 were 14¢ and 5¢ per tie, respectively, the same work is now being performed at 2½¢ per tie for loading, and 1¢ for unloading.

LOSS OF \$449,000 THROUGH CARELESS JUDGMENT

"A further example illustrating the careless judgment and reckless disregard of the uses made of the people's money is displayed by the decision arrived at in the year 1920 by the former Government, whereby about 12½ miles of the original one per cent grade of the Alberta & Great Waterways Railway along the Clearwater Valley was abandoned, the track taken up and a new line constructed down Deep Creek at a cost of approximately \$390,000. The new line has about three miles of two per cent grade and is proving costly to maintain and operate. The excess cost of the Deep Creek line over the Clearwater Valley location, after taking into consideration the capitalized operating values of both lines, is estimated at approximately \$449,000. This amount represents the loss sustained by the Province of Alberta as the result of this one action on the part of the previous administration.

"While I am dealing with this much-discussed question of 'business management', I might say that legal costs, amounting to \$9,858.42, have been paid by the Alberta & Great Waterways and Lacombe and North-Western Railway Companies, in connection with legal cases arising from the subbusiness-like methods pursued by these railways while in control of the former Government, and still further charges are pending before the companies will be freed of these inherited legal entanglements. On the other hand, practically nothing has been paid for legal charges arising from the conduct of these companies' affairs since the year 1921.

GRAND TOTAL, \$3' \$340,318 SAVED

"The examples I have mentioned are by no means a complete list of all the various items in which wasteful and extravagant methods have been allowed to prevail in the management of the Provincial railways by the previous administration. However, the few instances which have been cited represent a grand total of \$340,318.85, which has been saved to the Province in connection with the administration of the Railway department since the present Government assumed office in 1921.

PAID \$112,521 IN EXCESS OF EARNINGS

"The bonds of the E. D. & B. C. Railway were guaranteed by the former Government to the extent of \$20,000 per mile. The proceeds available from the sale of these bonds, however, amounted only to \$17,331 per mile, and this amount could only be paid out to the company as the various portions of the railway were completed. On that portion of the line from Spirit River to the B. C. boundary, a distance of 34 miles, only the grading was completed, this work representing not more than 25 per cent of the value



HON. V. W. SMITH

of the work required to complete that portion of the railway. The railway company, however, was permitted to draw the bond proceeds to the full value per mile, and as a result the sum of \$712,557 was paid to the railway company in excess of what was actually earned under the act guaranteeing the bonds.

"The mileage of railways upon which the proceeds of the bonded guarantee has been advanced, but the railway not completed is as follows:

	Miles
Edmonton, Dunvegan & B. C. Railway	
Spirit River to B. C. Boundary	34
(Graded only.)	
Alberta & Great Waterways Ry.	42
(Graded only.)	
Total	76

"The act authorizing the construction of the Alberta & Great Waterways Railway provided that the station and local freight sheds were to be located within one mile of the post office in the City of Edmonton. The company, however, was permitted to establish its station, freight sheds and terminal facilities at a distance of nearly five miles from the post office.

ALLOWED TO APPLY TO OTHER USE

"The act guaranteeing the bonds of the Alberta & Great Waterways Railway provided that the cost of the Edmonton terminals be guaranteed to the extent of \$400,000. However, the sum of \$340,396.82 only was expended on the Edmonton terminal and the company was allowed to draw the difference between that amount and \$400,000 and apply it on the main line of the railway, the only security for which were portions of an uncompleted railway."

Mr. Smith further stated that when a contract for 220,000 track ties, for the purpose of placing the E. D. & B. C. Railway in safe condition, were placed in 1920, about 150,000 were cut west of Spirit River, necessitating a haul of about 15 miles to the nearest railway shipping point, although large areas of timber suitable for track purposes were available at various points near the railway. In the same year, contracts for about 30,000 track ties were entered into by the A. & G. W., to be obtained at

points on the E. D. & B. C. Railway, and after paying freight to the nearest point on the A. & G. W. Railway, these ties cost \$1.02 each, although an abundant supply of suitable tie timber could be obtained near the line of the A. & G. W.

Very striking comparisons of costs per mile of railway construction by "business Governments" prior to 1921, and since the present Government came into office, were cited by the Minister in the following statements:

Under Previous Government — Alberta and Great Waterways Railway: Mile 272.1 to mile 281.8 (9.7 miles), average cost per mile, \$40,200.

Central Canada Railway: Mile 49.2 to mile 72.0 (22.8 miles), average cost per mile, \$22,770.

Under Present Government — Central Canada Railway: Mile 72.04 to mile 85.04 (13 miles), average cost per mile, \$22,500.

Edmonton, Dunvegan & B. C. Railway (Grande Prairie branch): Mile 54.18 to mile 65.43 (11.25 miles), average cost per mile, \$25,300.

Lacombe & North-Western Railway: Mile 35.5 to mile 49.4 (13.9 miles), average cost per mile, \$18,100.

UNIT COSTS REDUCED BY 20 TO 40 PER CENT.

Unit costs of work performed under the previous Government, compared with costs under the present Administration, were given as follows:

Description of Work	Unit	Contract Price in Year 1920	Contract Price from E. D. & B. C. Ry. and on A. G. W. Ry. (1921-4)	Reductions Estimated by the Present Government
Clearing, Acres	1	\$5.00	\$2.50	50%
Grubbing, Acres	1	\$2.00	\$1.00	50%
Model rock, cu. yd.	1	1.75	1.00	43%
Loose rk., cu. yd.	1	.80	.48	40%
Hard pan, cu. yd.	1	.80	.48	40%
Earth, cu. yd.	1	.45	.28	38%
Overhaul cu. yd.	1	32%	\$1.15	65%

"In the year 1920," said Mr. Smith, "a contract was entered into by the former administration whereby free transportation of men and material to the value of nearly \$55,000 was allowed to the contractor for work carried out on the Alberta & Great Waterways Railway during the years 1920 and 1921, this being permitted notwithstanding the high unit prices allowed in the contract."

NO NEW BORROWINGS FOR TELEPHONE CONSTRUCTION

Going on to deal with the Department of Telephones, Mr. Smith said the deficit of \$140,176, estimated for 1925, showed a slight increase as compared with 1924, while revenue was expected to be about the same. The sum of \$500,000 on capital account for construction would involve no new borrowings, as the money was on hand from previous years. The vote was expected to cover new installations on existing plant and some extension work in districts where lines could be made to qualify, and also capital charges on reconstruction work where new lines required to be heavier than those being replaced. Some of the money voted would also be needed for working capital. Maintenance and operating costs were reduced by \$44,880.53 in 1924, and it was felt that further reductions would interfere with the efficiency of the service.

Mr. Smith referred to the recommendation contained in the Wray report of 1919, for which a large sum of money was paid, that telephone rates should be in-

creased. The report had pointed out that "no depreciation or replacement reserve had been set aside up to that time, and that the department would be faced with large expenditures for replacement purposes in the near future."

BUILDING UP DEFICITS FOR FIFTEEN YEARS

"The facts are," the Minister added, "that the former business administration in our Government had been building up deficits in the depreciation account of the telephone system for a period of fifteen years, which would eventually have led to the total investment in telephones in this Province becoming a complete loss, providing the same kind of business administration as that applied in the system during the administration of the former Government had been carried along."

"After paying \$54,000 to learn these facts in 1913, did the former administration take steps then to adjust and place the telephone system on a proper business footing? No! In place of doing that, large expenditures were made on new construction, money to the extent of \$11,000,000 was borrowed at high interest rates, and large quantities of material were purchased at the very peak of prices, increasing the interest charges in the department by \$484,000 over a period of two and a half years. We also find that the stock of material on hand amounted to \$1,360,000. A normal stock for a system even of the present size should be in the neighborhood of \$500,000 or less. The cost of the Telephone Department for interest, storage, and loss on values in stocks amounts up to the present time to \$1,100,000, and we still have interest charges to face in the future on monies borrowed to purchase this material. And what were these large stocks purchased for? We have completed the programs that were laid out then and have met the needs of the country, doing all the work that could reasonably qualify and still found that it was necessary to dispose of large quantities of material at a tremendous loss to the telephone system. This course was chosen rather than allowing the material to rot in the yards and pile up further interest and carrying charges. Poles numbering 150,000 have been disposed of in this way, and even after three years we still have large stocks of poles on hand in the smaller sizes that we have been unable to use or sell."

FEELER ATTEMPT TO SUPPLEMENT REVENUE

"During the early part of 1921 a feeble attempt was made to supplement the revenue. Toll rates were then increased approximately 15 per cent. This, however, was more than absorbed by the carrying charges on \$1,760,000 that was spent on new toll line construction during 1920 and 1921, when many lines were extended into unprofitable territory. When the Wray report recommended a 25 per cent increase on toll rates, the toll plant was earning 22 per cent. on the investment, and when the former administration completed their extensions to plant and after increasing toll rates, it was found that the toll plant was only earning 17 per cent. on the investment."

"Money was also being lavishly spent for operation and maintenance. By careful management these items have been reduced by \$463,000 per annum, although the subscribers' list has been increased from 44,035 to 51,995 telephones. There were on the payroll of the department

under the former administration 1,914 employees. We are today operating with an increase of 4,461 telephones and with 693 employees, a difference in payroll alone of \$426,654 per annum. These economies have been altogether offset by the terrific interest bill left by the former administration, the increase in which over the period was \$684,800."

INTEREST NOT SHOWN IN ACCOUNTS

"I also wish to point out, Mr. Speaker, that a large portion of the capital money was borrowed in 1921 and the interest was not shown in the accounts. The effect of following out this procedure was that the heavy increase in interest came in 1922 after this Government came into office; the result was that we have had to take over this large increase in interest and other fixed charges without any provision having been made by the former administration to take care of their lavish spending of money during former years, and I would also like to point out that the question of replacement was still being ignored, which has come heavily on the department during the last few years and will increase as the plant grows older."

"These are facts which cannot be overlooked unless we charge to capital account, as the former administration did, such items as replacement of plant which had already been charged into capital. Fortunately for the system the plant was new and did not require much replacement work and for that reason only, these vicious methods of doing business did not affect the capital investment to any great extent."

HEAVY REPLACEMENTS AND NO RESERVE

"In 1913 when the audit was made under the supervision of Mr. Wray, \$350,000 was set aside for replacement work. This amount was rapidly used up and no further provision was made to take care of replacements until October of 1921. The consequence was that this present Government found the department without a reserve and with heavy replacements to be made in order to keep the plant in proper working condition. At that time \$1,851,230.63 of the money which had been shown as surplus was placed in the replacement reserve. It was found, however, that there was an accumulated deficit for back charges in the account for replacement work carried on up to that time amounting to \$761,558.84. After deducting that item, we had left for the reserve out of the surplus earned in previous years, \$291,671.84. That, together with \$363,000 added since, has carried the replacement work up to the present time."

WHAT DEFICITS WOULD HAVE REACHED

"Due to the fact, however, that the plant is getting older each year, replacements have been growing until we are now faced with an expenditure of \$308,000 per year for this work, and no provision made in the past while the plant was depreciating to take care of this condition, and that, together with our heavy capital charges, is why we find ourselves in the present position in this department. And yet our friends on the opposition side of the house tell the people of this country that we ought to have business men in our Government and recommend to the people that we go back to the kind of business administration that I have just outlined. I have given you these facts to show that, had we

continued to operate the telephone system as it was being operated in 1920 and the earlier part of 1921, the deficits would easily have reached \$500,000 or \$700,000 per annum, without making any provision for depreciation or replacement reserve."

"The following are some of the changes that have been brought about by the present administration:

"The comparative costs of operation and maintenance, from June, 1921, to June, 1924, were:

"Annual cost for operation and maintenance on the basis of June, 1921, \$1,708,750.

"Annual cost for operation June, 1924, \$1,245,934.

"Difference, \$462,726.

"Number of employees, 1921, 1,914.

"Number of employees today, 693.

"Number of telephones operating June, 1921, 44,035.

"Number of telephones operating at the end of 1924, 51,995.

"Value of stocks on hand 1921, \$1,360,000.

"Value of stocks on hand at end of 1924, \$548,954.12.

"Annual revenue 1921, \$1,401,571.43.

"Annual revenue 1924, \$1,526,188.28.

"Interest was in 1920, \$334,124.00; in 1921, \$485,462.00; in 1922, \$1,218,222.36; in 1924, \$1,240,735.03.

"The cost of rural installations in 1921 was \$276; and in 1924, \$225.

"I would also like you to note that while these changes and reductions have been going on in the cost of construction and operation of the telephone system, the service has been improved and the plant is being maintained at a good standard."

"I could go on pointing out many items in detail which would show just what the former administration was doing—in connection with many things in the telephone department, but the figures and conditions I have quoted are sufficient indication of the methods of our predecessors."

Mr. Smith submitted the following comparative figures of toll earnings and investment:

	Investment	Earnings Per Ct.
1913	\$2,812,029	\$68,812 23.78
1922	5,247,087	318,465 16.9
1924	5,585,308	922,204 16.52

IRRIGATION AND DRAINAGE SERIOUS PROBLEMS

"Our predecessors in office saw fit in their wisdom to put the guarantee of the Province behind the debentures of the Lethbridge Northern Irrigation District to the amount of nearly five and one-half million dollars. They were strongly urged to do this by the land owners themselves and the people generally of the southern part of the Province, but I am sure that they must have considered that this was good business or they would not have done it. I am not offering any criticism of their business judgment in this matter, although the money for the project was raised at a cost of nearly 5 1/2 per cent. (5 per cent. debentures sold at 93.71), but I merely wish to point out that as a result of their action, the present administration is now faced with a serious business problem."

"The year 1924 just passed was the first year that the landowners of the district were required to pay the rates which were supposed to repay the capital charges. The interest charges alone amount to about \$230,000 annually, but the collection of rates amounted to only

about \$11,000. The contention of the land owners is that the cost has been too great in proportion to the benefit derived, and that they cannot produce from the ground a sufficient return to bear the irrigation charges.

This legacy from the former business administration forms one of the most serious problems with which this Government has been faced. We are pledged to pay a very large amount of money every year. The problem is too great to discuss in all its details now, and I have no intention of doing so; I merely wish to point out that though we have been accused of not being 'business men' we do realize the seriousness of this problem, and that if it is to be solved we must get down to fundamentals.

As the members of this Assembly probably know, we have sought the best advice available. Our hope is that with the benefit of this advice (and I may say that the advice is not all contained within the covers of Dr. Whitson's written report, but his counsel is still available to us), we may find a way to reduce the loss in this connection somewhat.

In drainage projects, while the figures are not so large, the guarantees only amounting to about \$400,000, the same conditions have faced this Government as in the Leckbridge Northern, and I may say that precisely the same measures have been taken by this 'Farmer' Government to meet the situation; that is, we have sought the best advice that we could get from those of wide experience, and I believe that our action will appeal to the majority of the members of this House as being a somewhat businesslike way of dealing with the matter."

LOVE DEALS WITH TAXATION PROBLEMS

Resuming the debate on the budget at the opening of the sittings, J. R. Love, Wainwright (U. F. A.), remarked that Mr. Mitchell's only criticism of the special audit instituted in 1931 was that the Government had not accepted and acted on all the recommendations. He had at the same time devoted himself to an attempt to prove that some of those recommendations were impracticable.

In a speech at Wainwright, said Mr. Love, the Liberal leader had predicted a deficit of one and a half million dollars (Mr. Mitchell rose to protest that he had said only one and a quarter million dollars).

Referring to Mr. Mitchell's criticism regarding the absorption of funds from automobile license, Mr. Love said that \$1,000,000 in round figures was invested in district and main highways, interest being about \$200,000 a year, and that this was very properly charged to funds from automobile license. He then quoted a report of Mr. Mitchell's speech as given in the Edmonton Bulletin, dealing with it point by point, and stating that the report was false in serious respects that the sending out of such reports deceived the public, and must lead to political tragedy. If the proceedings in the Assembly could not be dealt with truthfully, there could be no hope of public enlightenment.

Mr. Love dealt at length with the problem of taxation, pointing out that when each of the Prairie Provinces was experiencing similar deficits in 1916, Saskatchewan adopted a land tax which was still in force and was similar to Alberta's Supplementary Revenue Tax, adopted in

1916. By waiting until 1924 Alberta had passed up the two most productive agricultural years. From 1916 to 1923 Saskatchewan had an accumulated surplus of over \$1,000,000 while from lack of a proper system of finance, Alberta had an accumulated deficit of about \$2,250,000. Although there was an excellent crop in 1920, and the Government had a surplus, it decided to wait until after the election of the following year before making any changes in the existing system of finance, which had proved a disastrous failure in every year but one.

INCOME TAX WOULD HAVE GIVEN SURPLUS

Submitting figures showing that the total expenditures from 1918 to 1923, inclusive, were \$54,412,678 and the revenue \$51,324,553, and the deficit thus \$3,088,124, Mr. Love said the failure of the system was due to the fact that "it depended too much for its revenue on the farmer." He submitted detailed figures in support of this statement, which unfortunately cannot be given in full here, and concluded that if in the six years from 1918 to 1923 Alberta had had a Provincial income tax, equal to one-half the amount taken by the Dominion income tax, there would have been a surplus of half a million dollars at the end of 1923, instead of an accumulated deficit of nearly five million. He strongly advocated the adoption of a Provincial income tax as a means of raising a large proportion of future revenue.

"WAKE UP FROM LONG SLUMBER"

E. G. Tobin, Leduc (Liberal), in a very brief speech expressed disappointment that the budget had not been balanced, in view of the increase in revenue, including \$1,600,000 liquor profits. The people, he said, were not so much interested in the Provincial system of book-keeping as they were in the results of the year's business. He opposed the introduction of a Provincial income tax and appealed to the Government "to wake up from its long slumber and try to do better."

Donald Cameron, Innisfail (U. F. A.), said it was a matter for congratulation that a Farmer Government had been the first to present a balance sheet of the affairs of the Province in such a way that the ordinary man in the street could readily understand the financial position of the Province. The cost of the special audit of 1931 had, it appeared, been well worth while.

When the area and potentialities of the Province were considered, the figures of Alberta's bonded debt did not seem quite so formidable, as the difference between \$1 and \$1.20 a bushel on 140,000 bushels of wheat would wipe out the whole of it.

CAMERON ON RAILWAY AND IRRIGATION BURDENS

"Were it not for the burden of our railway problems in the north, and irrigation problems in the south," said Mr. Cameron, "this Province would show a financial standing possibly not equalled by any Province in the Dominion." Comparisons with Saskatchewan were not fair, because Saskatchewan had no railway problem and no irrigation problem such as ours, and had a considerably larger population. If the Federal Government, which was mainly responsible for scattering settlement from the international boundary to the Peace, had assumed its just responsibilities, Alberta

would not have been engaged in its present struggle. The amount of the interest charged to capital for railways and irrigation in 1924 was no less than \$1,054,513, while through defaulted interest on railway and irrigation bonds, the debt of the Province had been increased from 1921 to 1924 by \$3,373,733. The loss on operating expenses was not included.

Mr. Cameron remarked that from 1914 to 1921, the best years from a revenue producing standpoint, the budget was balanced on only two occasions. The surpluses during the period totalled \$461,510 and the deficits \$2,081,513. The average deficit for the period was thus \$726,045.

The total accumulated interest charges on the 1921 borrowings alone, said the member, were \$2,150,760 — an amount which the present Government must and the former Government did not have to provide. This item alone offset by \$290,730 the average annual increased deficit.

"ECONOMISTS" WANT HEAVY NEW EXPENDITURE

Dealing with the requests for new expenditures made by various Liberal speakers, Mr. Cameron estimated that all told these requests, if granted, would involve the Province in from ten to fifteen million dollars of additional expenditure. "And there, Mr. Speaker," added the member, "is a policy of economy for you — millions of expenditure for their own constituents. It is most distasteful for me to speak in this strain, but one is forced to do it."

Mr. Cameron added that he had come to the conclusion that it was utterly impossible to discuss any public questions from a business standpoint so long as political party politics continued in the Assembly. The Independents, Labor, and even the member who sat as a Conservative, all criticized the Government in a fair, constructive manner, with freedom from bias, and with an eye to the betterment of conditions, and such criticism was to be welcomed.

FOOLISH EXPENDITURE ON IMMIGRATION

The member reminded the Assembly that the Dominion Government had spent nine millions on immigration to bring in 300,000 settlers in the last three years, and that during the same period 600,000 had been lost to the United States alone. He believed in spending a little money to keep the settlers who are already here, as the first step toward colonization. The existence of a bad credit system was one of the main factors retarding our development. Time only went to strengthen his conviction that the nationalization of credit was desirable, and in the meantime a system of rural credits must be developed.

J. C. Bowen, Edmonton (Liberal), condemned the Government because, he said, he believed it had no immigration policy. It was content to go on piling up a burden of debt that was becoming unbearable. Mr. Bowen, after adding a brief word of protest against the Government's budgeting "for another deficit", moved the reduction in the estimates.

DEVELOPMENT OF BEET SUGAR INDUSTRY

Lawrence Peterson, Taber (U. F. A.), in opening referred to the establishment of the \$1,600,000 beet sugar factory at Raymond by the Idaho Sugar Company, which company, he said, would not have come into the Alberta field at all unless they felt there was room for expansion. When industries were established, following the development of the Land

bridge Northern, this area in the south would be one of the most desirable in the Province. If 20 acres of beets were grown on every farm of 160 acres in the area, there would be beets enough to sustain two factories. Mr. Peterson asked that the Minister of Agriculture reopen the sugar factory at Raymond.

Dealing with Liberal criticism, the member said that a student from the University of Alberta had asked him whether it was true that the Farmers had raised the seasonal indemnity since they came into office. This illustrated the nature of the propaganda which was being used. The student was much surprised when he learned that there had been no such increase, and remarked, "that official opposition stuff goes the limit."

Mr. Peterson then submitted a summary of the recommendations for reduced expenditure made by the former leader of the Liberals last session. The reductions recommended totalled \$79,260, and included doing away with boiler inspectors, game guardians, Provincial architect, etc., whereas he recommended at the same time increases totalling \$66,963, or net increases of \$486,743. These figures were cited by the member item by item. The abolition of the Supplementary Revenue Tax was also advocated, and would have added another \$1,400,000 to the deficit. Mr. Peterson hoped that the present leader would be wiser in his recommendations.

JOHNSTON ON NEED TO ELIMINATE PARTYISM

In one of the most thoughtful speeches of the session, George N. Johnston of Coronation (U. F. A.) discussed the principle of group organization as applied to the business of legislation, and urged its adoption as a way of escape from the insincerities of party warfare. Mr. Johnston's speech, which was followed closely in all parts of the Assembly, was punctuated by frequent Liberal interruptions, most of them well-mannered and in accordance with customs of the Assembly. J. G. Bowen of Edmonton, however, by a running fire of comment upon sentences after sentence in the speech of the member from Coronation, apparently sought to interfere with its delivery, until finally Mr. Johnston, with some heat, and with an apparent allusion to Mr. Bowen's clerical antecedents, denounced these tactics as "an outstanding example of un-Christian intolerance." The Edmonton member subsided. It was clear that his tactics did not meet with the approval of the Assembly as a whole.

CANNOT REAP FULL BENEFITS AS YET

Mr. Johnston said that the full benefits of the plan of group representation and group co-operation for which the U. F. A. stood could not be reaped so long as it met with only partial support in the Legislature. The U. F. A. would welcome the representation of the urban citizenship upon any basis whatsoever that would make co-operation possible—that would enable the people of the urban constituencies to express their best thought upon public issues. The Labor and Independents, for instance, on the whole sought co-operation, and the one so-called Conservative had also shown a sincere desire to avoid wasteful, inane criticism and his opinion when expressed in the corridors was exactly the same as his

opinion as expressed on the floor of the Assembly. Before the full fruits of co-operation could be reached, however, the members who now constituted themselves an official opposition must show a change of attitude, must place the interest of the state above that of party, and seek to represent their constituents fairly and adequately. The very men who now constituted that "opposition", who felt compelled to make heavy sacrifices in behalf of the idea of partyism, would, if freed from the party spirit, make representatives with whom the U. F. A. members would be able to co-operate to the full. But under the present system these members were not in the Assembly to co-operate, but to "oppose".

Mr. Johnston recalled the fact that the U. F. A. Convention on many occasions had gone on record in favor of co-operation between groups, and that Premier Greenfield, in a statement made some months ago, had presented the U. F. A. position very clearly. Unless this plan were adopted, added the member, "this great experiment of democracy has no chance of success".

GROUP REPRESENTATION TO AVERT SOCIAL DISASTER

The member for Coronation discussed the development of distinctive industrial groups which had taken place during the past two generations. Organized Labor, Boards of Trade, Manufacturers' Associations, Bankers' Associations, Farmers' Associations, all these had shown rapid growth, and were today powerful organizations exercising, directly or indirectly, very great influence upon every legislative body. A member of the faculty of London University, one of the most thoughtful of students of modern social tendencies, said Mr. Johnston, had called attention to the dangers which the formation of these powerful organizations might bring, and to the necessity, if social disaster were to be avoided, for the adjustment of political organization to meet the new conditions. Responsibility, the British authority had declared, must be placed in some way upon these industrial organizations, and their activities co-ordinated for the benefit of the community as a whole. Mr. Johnston quoted articles from the Edmonton Journal, and from other newspapers to somewhat similar effect.

NO REAL ISSUES BETWEEN THE PARTIES

Dealing with the problem of Alberta in particular, the member pointed out that there were no real issues dividing the two political parties—Liberal and Conservative. The only issue between the old line parties concerned the division of the "spoils of office." There were two rival organizations, whose policies differed in no important particular. On the other hand, powerful industrial organizations, based on economic realities rather than the insincerities and childish rivalries of political parties, had whatever party might happen to be in power at their mercy. Mr. Mitchell himself had testified to this. Yet no power on earth could prevent members of an industrial organization from using their franchise to elect their own representatives. It would be far better to seek an adjustment to changed conditions, rather than to waste time in scolding.

Responsibility, said Mr. Johnston, must inevitably have a steady influence upon any organization which assumed it.

A political party, controlled indirectly by powerful industrial groups, was compelled by the pressure of these irresponsible groups to depart, frequently, from lines of sound policy, knowing that it was not acting in the best interests of the community. The party was compelled to take this course in order to save the political lives of its members. It was to all intents and purposes helpless. On the other hand, when an industrial group elected its own representatives, took responsibility, and was itself compelled to face realities in the field of legislation, these evils gradually became eliminated. Mr. Mitchell had furnished an illustration of the helplessness of a political party when he had referred to legislation, passed at the request of the organized farmers, which had subsequently involved the Province in serious difficulties.

RESULTS OF PARTIAL ADOPTION OF NEW SYSTEM

The results of the adoption of the system of industrial representation, even in a partial degree, were the elimination of the patronage and spoils systems, the ending of the time-honored tradition that every constituency must be corrupted by bribes of public works, particularly on the eve of an election, and a satisfied and self-respecting civil service, freed from the necessity of pandering to the political purposes of members of a Government.

Mr. Johnston quoted the opinion expressed by a former leader of the Liberal party, and by the late clerk of the Legislature, to the effect that the quality of the personnel of the present Legislative Assembly was higher than that of any of its predecessors. In ability, in sincerity, in the industry with which its members applied themselves to their duties these authorities had stated, the Legislature since 1921 stood upon an infinitely higher plane than those that had preceded it.

The keystone to success under any system of political organization, said Mr. Johnston, was the responsibility of the member. Unless the member could be called to account by those whom he was elected to represent, he must inevitably be guided, as time went on, by consideration, not of their interests, but of his own personal interests or of party interests. Outstanding examples of the responsibility of members were provided by the Labor and Farmer organizations, which were entitled to call their members to account.

NO DESIRE TO DICTATE TO URBAN PEOPLE

No sudden change from the party system to that of responsible group representation was to be expected, said Mr. Johnston. The U. F. A. did not for a moment think of dictating to the urban citizenship of Alberta, in this matter. They would be glad to meet with a view to co-operation, urban representatives, however chosen, who made co-operation their first aim, and not opposition. Differences there must be, but business would never be advanced by the artificial stimulation of differences. By coming together with a view to co-operation urban and rural representatives would discover first of all the policies which they had in common, and a source of unnecessary friction would at once be removed. They would then seek, not to accentuate their differences, but to arrive, where possible, at satisfactory conclusions by the exchange of views.

CHARGES GOVERNMENT WITH LACK OF COURAGE

R. C. Marshall, Calgary (Liberal) charged the Government with lacking courage to raise the telephone rates, and insisted that in failing to provide for the division of the liquor profits with the cities, Premier Greenfield had violated a pledge given to the cities, when about a year ago he declared it was the intention of the Government to follow this course. Mr. Marshall wondered what the Government would have to talk about, if it were not for the record of their predecessors.

Mr. Marshall said that the Government engaged in a "juggling with budgets", which he compared to a sort of "pea and thimble game", and suggested sarcastically that some of these days the Government would balance a budget "by accident". It had its head in the sand like the ostrich.

The Premier, said Mr. Marshall, lacked courage to tell the Assembly what was to be done about division of the liquor profits. He had to do just what the U. F. A. caucus told him to do about this matter. H. W. Wood, stated the Calgary member, was probably wondering whether "it was not about time he got a new alignment up at Edmonton", and Mr. Marshall added, "I wonder if he doesn't think that they aren't playing the game a bit crude."

The Government said it had cut down expense and had cut down staff, but yet there was a demand for more money. A new auditor had been brought in to "bunch the budget", and give a different looking balance sheet, but this did not get anywhere.

He believed that the people had lost faith in the U. F. A. system. Perhaps "The U. F. A." paper would be able to "put it across" for members of the organization, "but"—here Mr. Marshall checked himself—"I must say that The U. F. A. has always been very fair."

DAVIDSON NOT APPRECIATIVE OF JOHNSTON'S VIEWS

W. M. Davidson, Calgary (Independent), protested that "academic discussion of political philosophy", as he described Mr. Johnston's speech, was all very well, but that the present financial situation was too acute for this sort of thing. The Government policy on telephone rates, on liquor profits, and on other matters, had not been sufficiently outlined. It was not fair to keep information as to the division of the liquor profits from the Assembly, as the decision was known to members on the Government side of the Legislature. No British Government would have failed, in this manner, by asking that estimates be considered before full program of activities for the year had been brought under consideration. Mr. Davidson adjourned the debate.

No Division of Liquor Profits, Is Decision of the Government

Davidson Charges Government With Breaking Faith—Roadley on Profits and the Income Tax

TUESDAY'S SITTING

EDMONTON, March 17.—Definite announcement was made in the Legislature this afternoon by Premier Greenfield that there will be no division of the

liquor profits with the municipalities. The debate on the address was continued by W. M. Davidson, Calgary (Independent), by George Roadley, Minister of Agriculture, and by M. C. McKeen, Leduc, Stn. Anne (U. F. A.).

"Representations were made to the Government last year by representatives of the cities, urging the distribution of liquor profits," said the Premier at the opening of the sitting of the Assembly. "It was definitely understood at that time that no distribution would be made in 1924."

"The Government anticipated that it would be possible to distribute a percentage of profits in 1925, and some discussion of the question took place between the Government and representatives of the urban municipalities and later in the discussion of the Liquor Bill in committee as to the basis of distribution."

INTENTION STATED IN MARCH, 1924

"It is also true that the Government through myself, on March 7th, 1924, in the discussion of the Liquor Bill in committee, stated its intention to make an equivalent adjustment of other revenue now collected in the cities, if it were then thought advisable to retain all the liquor profits in 1925."

"We were disappointed in some large items of revenue in 1924 and cannot yet point to a balanced budget. After making a fair estimate of all sources of revenue for 1925, including liquor profits, the budget for 1925 shows an estimated deficit of \$368,000."

"The Government is therefore faced with one simple question. Is it sound business policy to take a substantial part of the Provincial revenue and hand it over to the municipalities, thereby increasing the Provincial deficit by that amount?"

"The distribution, if made, would have to be distributed to all municipalities, urban and rural. It would not mean a substantial amount to any one municipality. There is considerable objection by rural municipalities to any policy of distribution of liquor profits, and such a policy by no means meets with the entire approval of city people. If distribution were made, additional taxation would have to be imposed to make up deficiency in Provincial revenues."

"The Government are anxious to avoid increases in taxation, and it is clear that a policy of division of Provincial revenues should not be adopted until it can be done without leaving a largely increased deficit."

IRRIGATION AND DRAINAGE MAKE DIVISION IMPOSSIBLE

"Even if a distribution of liquor profits were made this year, anticipated increased expenditure in working out the problem of the Lethbridge Northern Irrigation District and the several Drainage Districts that have been under review during the past year will make the continuation of a policy of distribution extremely doubtful, if not impossible."

"While the Government regrets that it cannot see its way to carry out its intention in this regard, it is firmly of the opinion after considering all the circumstances as they present themselves today, that a policy of distribution of liquor revenues would not be in the best interests of the Province."

REGRETS LIBERALS NOT INCLUDED

Referring to the speech of the member for Carleton Place as an attempt to win the

members on the Independent benches, W. M. Davidson remarked that he was sure every member of the Legislature was sincerely anxious to give his best service. He regretted that Mr. Johnston had not included in his general appreciation of the spirit of co-operation shown by members on the Labor benches and elsewhere, those on the Liberal side of the Assembly, who were as sincere as any others.

"We are willing to co-operate with the Government," said Mr. Davidson, "and when I think it right I shall do so, and when I think the opposition are right I shall co-operate with them." Yet in failing to give information to the Assembly as to the disposition which they intended to make of the liquor profits the Government had not given a very practical manifestation of its desire for co-operation. No doubt also the Government, if not the private U. F. A. members, knew what was going to be done about the School of Technology. Yet no information had been given to the Legislature. The U. F. A. members might not know what the Government's intentions were in regard to the raising of the telephone rates, but Mr. Davidson was satisfied that the Government had, in all probability, arrived at a decision.

The Calgary member said that more than a year ago representatives of the municipalities had come to the Government to ask for a share of the liquor profits, and that the Premier, after careful deliberation, had promised them a share. Since that time there had been no intimation of any sort that the Government had changed its mind, and the municipalities had been expecting to receive some of the profits. No proportion had been announced, but a year ago 35 per cent. had been mentioned as a possible share for the municipalities.

"GOVERNMENT VIOLATED SACRED PROMISE"

"If I had made such a promise in business as the Government made, I should be quite properly ostracized if I failed to keep it," declared Mr. Davidson. "The Government has violated a sacred promise. The cities want justice, not favors. The Premier promised that if there were no liquor profits distributed, then there would be some other readjustment with the cities. The Government now says: 'We made a promise, but have destroyed it, because we have not so large a revenue as we should have.' The Government had been 'dishonorable' in its manner of dealing with this question."

The Government had failed to keep another promise. They had agreed to bring down a model city charter, but had failed to do so.

SAYS PROVINCE \$3,000,000 WORSE OFF TODAY

Mr. Davidson said no good could be accomplished by looking to the past, yet this Government seemed to think that it was all right if it could suggest that it had done better than its predecessors. The fact was, he added, that taking capital borrowings into consideration, the Province was \$3,000,000 worse off now than it was last year, and it seemed likely that it would be \$3,000,000 worse off at the end of this year than at the beginning.

Praising the speeches of Mr. Shield and Mr. Love, the former of whom, in statements which had been made "in another place", had shown a clear grasp of the finances of the Province, Mr. Davidson spoke in high commendation

of certain suggestions which, he said, had been made by Mr. Love in regard to the revision of our system of taxation.

The Calgary member said that as long as there were deficits on the budget, no progress could be made in certain desirable directions. Education during the past year had "moved back"; health activities had shown no advance; social legislation had made no great progress; and there had been practically no labor legislation, with the exception of one bill adopted last year. No real effort had been made to cope with the menace of unemployment. Because of the financial position in which it found itself, the Government could not move, and Mr. Davidson doubted whether the people would support advanced legislation until the financial position of the Province showed improvement. Every Province except Alberta and Ontario had shown a surplus this year, and the city of Calgary had a handsome surplus.

The private member, said Mr. Davidson, was able to exercise little influence upon the estimates of Provincial expenditure. He believed that the estimates should first be submitted to a committee of the Legislature, before being brought before the Assembly, as a whole for adoption. Such a plan, he declared, was followed in Great Britain.

WANTS A SIR HENRY THORNTON FOR ALBERTA

The Calgary member called for a "complete business reorganization of the Government services." The Province should engage a man of the calibre of Sir Henry Thornton to rearrange departments in such a way that efficiency would not be impaired, while expenditure would be cut down, and the deficit turned into a surplus.

In a speech devoted mainly to a detailed explanation of the work of the various branches of his Department, George Hoadley, Minister of Agriculture, dealt briefly with the criticisms of the previous speaker. He was surprised, he said, that Mr. Davidson should have made use of the word "dis honourable" when discussing the Premier's statement as the division of the liquor profits, and felt confident that the Calgary member did not really mean this.

"I am not sure that my honorable friend realizes the serious nature of the problems with which this Government is confronted," stated the Minister. "Take for instance, the matter of the Lethbridge Northern—this involves millions." There was this difference between private business and Government business—that the private business man had only his own interests to consider, whereas in dealing with Government policies, the interests of all the people of the Province were involved, and no one could say exactly what situation might have to be faced from year to year.

CITIES WOULD LOSE IN TAXATION RE-SHUFFLE

If 20 per cent. of the liquor profits were distributed to the municipalities, or a total of \$300,000, Mr. Hoadley pointed out, Calgary would be entitled to about \$20,000, while, at the same time, the Province, to make up its deficiency, would be compelled to increase Provincial taxation. Apparently, if new taxation were necessary, Mr. Davidson favored the income tax, as he had spoken in general commendation of Mr. Love's taxation proposals.

"When the office asked for authority

to levy a service tax," the Minister added, "they definitely stated that if a Provincial income tax were introduced they would cut off the service tax—they would under no circumstances expect to continue it. If the Province were compelled to levy an income tax, the city of Calgary would lose the \$50,000 which it obtained from its service tax last year, and would thus be \$20,000 worse off, even after receipt of a share of the liquor profits."

Reading from Premier Greenfield's statement on liquor profits, to the effect that through the Premier the Government had "stated its intention" to divide the profits with the cities, Mr. Hoadley remarked that a statement of intention could not be regarded as a promise. Had the Liberals, when in office, been able to carry out all their intentions? Of course not.

Mr. Mitchell: "But this Government is infallible."

Mr. Hoadley: "No, we do not claim infallibility."

DEPRIVED OF \$400,000 REVENUE BY FEDERAL GOVERNMENT

The Minister of Agriculture pointed out further that the Government's intention had been declared before the Federal Government disallowed the Mineral Rights Tax, thus depriving the Province of \$400,000 of estimated revenue, and asked, "Would it be common sense for this Government to give money away to the cities today, when tomorrow it would be necessary to devise new taxation to meet the deficiency?"

WHY THE PAST CANNOT BE OVERLOOKED

Dealing with Mr. Mitchell's plea that the people of the Province and the legislators should "forget the past", in discussing the financial affairs of Alberta, Mr. Hoadley asked whether any member could "forget the past" in connection with his own affairs—forget any debts he might have accumulated. It was impossible, for the past was the controlling factor of the present. "What would your banker say, if, having accumulated a large overdraft, you went to him and said, 'We will now forget the past, wipe out the overdraft, and have a new beginning?'" Yet Alberta today was obliged to meet the overdrafts accumulated prior to 1921, and the overdrafts were responsible for the financial problems of the Province.

Mr. Hoadley dealt briefly with Mr. Davidson's demand for re-organization of Provincial business, and said that such re-organization had been steadily going on, with eminently satisfactory results, as shown by the reduced expenditures in administration. The Liberal advocates of "economy" were intent on the Government's undertaking new expenditures—Mr. Tobin wanted a railway extension that would add more than \$2,000,000 to the debt, and an expensive terminal in Edmonton in addition, Mr. Dechené wanted a line to Cold Lake, which would cost, for the 60 miles asked for, not less than \$2,120,000.

Reverting to the matter of liquor profits, Mr. Hoadley said that any statement of intention that he might make in regard to Governmental affairs, must always be qualified by the condition that the intention would be carried out only if the Government were not prevented from doing so, in the general interest of the Province as a whole.

As to the Spray Lakes project, which Mr. Davidson advised should be taken up

as a Provincial proposition, Mr. Hoadley said that the cost would be from \$5,000,000 to \$14,000,000. How, under such circumstances, could the Government be expected to balance the budget?

WOULD REMOVE PRIORITIES—BUT UNDER CONDITIONS

Declaring that Canada needed a new national policy, M. C. McKeen, Lac Ste. Anne (U.F.A.), said that until the population west of the Great Lakes was greatly increased, no substantial reductions in the tariff could be hoped for. The chief factors making for the success of Alberta today might be indicated in the three words, Coal, Cattle and Credit. The railways should make definite concessions in coal rates to the east to offset the discrimination now existing. If the mortgage companies would give money at a fair rate of interest—say 5 per cent.—Mr. McKeen said he would favor the removal of all the existing priorities, and would be prepared to meet the companies' wishes in the matter of the personal covenant. He believed that corporations doing business in Alberta, in banking, insurance, etc., should be asked to re-invest in the Province the money which they obtained here. The West was being drained to death financially by Toronto and Montreal.

With a view to improving the teaching standards in rural schools, Mr. McKeen believed in higher salaries. Education should be regarded as essentially a matter fully controlled by the Province and the rural teachers should be as well paid as those in the cities. The member for Pembina also called attention to the serious situation in certain logging camps, where no first aid requisites and no doctor were available, and he asked that frostbite be brought under the terms of the Workmen's Compensation Act.

Mr. McKeen advocated the introduction of a bill which would give power to authorities to sterilize the inmates of institutions for the feeble minded. Such legislation, he said, was in effect in New Jersey. He favored the extension of authority to sterilize not only the feeble minded, but also habitual criminals.

Pearson Discusses Problem of Railways and Telephone Plant

MacLachlan Believes Cities' Demands for Aid From Province and Relief From Taxation Unwarranted—Submits Figures

WEDNESDAY'S SITTING

EDMONTON, March 18.—Carefully analyzing the contributions made to the Provincial revenues by the urban and rural districts, and submitting figures which, he said, erred on the side of generosity to the cities, George MacLachlan, U.F.A. member for Pembina, in the budget debate today estimated that 71 per cent. of the combined taxation and departmental revenues were paid by the rural areas, and 29 per cent. only by the cities, towns and villages of Alberta. In view of this fact, and of other comparisons submitted, he contended that the demands made by the cities for reduced taxation and financial aid were unwarranted. George Mills, Atholman

(Liberal), Robert Pearson, Calgary (Independent), A. R. McLennan, Edmonton (Liberal), and Perren Baker, Minister of Education, participated in the debate.

MILLS SAYS COMPARISONS UNFAIR

Mr. Mills contended that it was unfair for the Minister of Railways to compare railway construction costs under the U. F. A. Government with former costs, as there had been a reduction in the price of material, and Mr. Smith had been able to buy steel very cheaply. Speaking of the telephone situation, the member said he remembered the days when the U.F.A. Conventions were calling for extensions; there were no resolutions asking for economy at that time. In spite of the need for economy today, certain railway extensions must be built to serve settlers, and to increase colonization.

The people, said Mr. Mills, were not concerned about the past, but must have adequate educational facilities in the pioneer settlements, even at the expense of the University. Asked by Mr. Hoadley whether he was in favor of closing the University and devoting the money saved to rural education, the member replied in tones inaudible to the press gallery. He dwelt upon the need for road construction in his constituency, and appealed to the Minister of Public Works for new construction of the highway from Athabasca to Lac la Piche and to Smith.

CANNOT DISOCIATE PRESENT FROM PAST

Congratulating the Provincial Treasurer on the improving financial conditions, which he hoped would show further improvement, Robert Pearson said that it was impossible entirely to dissociate the present position of the Province from its past history, since the burden borne today was largely created in the past. The less it might be necessary to refer to the past, however, the better.

"I should like to pay a warm tribute to the writer of the splendid articles on Provincial finances which have been published in 'The U. F. A.,'" stated Captain Pearson. "I think it is only the modesty of this member that prevents his name appearing, though personally I should like to see his name in print."

Mr. Mitchell rose to protest that some means of identifying the member should be given in the articles.

Captain Pearson: "I see no reason why articles of this character should not be published in the way they are published."

Captain Pearson disagreed with the Liberal leader's method of adding to the deficit by taking the amount of the Federal Roads subvention out of the revenue. He was much concerned about the railway indebtedness, the debt accruing in respect to the Lethbridge Northern, and the alarming way in which the Telephone Department was falling behind. Rural rates, as the Wray report showed, were not carrying their full load and he urged the Government to make a suitable increase. The Wray report, furnished to the former Government, advocated an increase in exchange rates of 20 per cent., in toll rates of 25 per cent., and in rural rates of 100 per cent. The amount of capital invested per telephone was \$125 when the system was bought from the Bell Telephone Co., and by 1915 it had been raised to \$420.90 per phone, as compared with \$205.90 in

Saskatchewan and \$219.54 in Manitoba. If the phones had been constructed as economically as the Bell system in the United States, there would have been a saving of \$5,000,000 at the beginning of 1915.

Captain Pearson said it would be regrettable if a solemn contract, such as that of the city of Lethbridge with the gas company, could be set aside by the Utilities Commission. A new difficulty had been created by the sale of the company to interests in another country. Teachers' pensions on a flat rate, equal for all members, were advocated by the member, who said this plan had been favored by the army veterans in respect to army pensions. He noted there was no vote in the estimates for immigration, and wondered whether the Government resolution was "just another meaningless gesture."

MACLACHLAN ON RURAL AND URBAN TAX TOTALS

In subsidizing fluctuating figures on the contributions made to the Provincial exchequer by the urban and rural districts, George MacLachlan noted the demands of the city of Edmonton, as reported in the Edmonton Journal. The city demanded relief from the Provincial Government to the extent of \$2,139,859, made up as follows: elimination of supplementary revenue tax, \$1,400,000; Government to assume cost of mentally deficient children, \$14,500; tuberculous patients, \$51,495; request for 20 per cent. of liquor profits, \$391,766; demand for return of increase of motor licenses, \$289,000.

A comparison of the taxation contributed by rural and urban areas, (urban areas including cities, towns and villages) showed the following:

Taxation	Urban	Rural	Total
Amusement ..	250,000	18,000	268,000
Corporation ..	257,500	257,500	515,000
Education ..	244,000	244,000	488,000
Game	20,000	20,000	40,000
Gasoline	120,000	120,000	240,000
Motor Vehicle ..	275,000	275,000	550,000
Mines	91,000	200,000	291,000
Soft drinks ..	4,000	4,000	8,000
Supp. revenue ..	200,000	1,170,000	1,370,000
Timber areas ..	20,000	20,000	40,000
Wild lands ..	200,000	200,000	400,000
	\$1,287,500	\$2,871,000	\$4,158,500

GENEROUS ESTIMATE FOR URBAN CENTRES

Mr. MacLachlan explained that he had endeavored to give the most generous possible estimate of the taxation contributed by the urban centres. The corporation tax was in reality as much rural as urban, and it had seemed fair therefore to divide the total equally between the two divisions; the same plan had been followed in respect to game

licenses. As to the gasoline tax and the motor licenses, it was roughly estimated that about one half the cars were in the rural and one half in the urban territory, though when country people obtained their licenses in the city, the license was credited to the city. John Blus, secretary of the Edmonton Board of Trade, estimated that about 60 per cent. of the cars were rural. The farmers used a great deal of gasoline, both in their cars and in operating machinery, especially at threshing time.

Departmental revenues were as follows:

Department	Urban	Rural
Agriculture	\$	\$ 150,950
Attorney General ..	\$48,000	\$72,000
Education	12,800	19,200
Municipal Affairs ..	12,000	148,000
Health	14,950	83,000
Public Works		22,350
Drainage		3,000
Paid by Dom. Govt. re School Lands ..		273,971
	\$487,750	\$1,660,501

RURAL PER CAPITA TAX \$12.54; URBAN \$4.80

Mr. MacLachlan gave the distribution of the supplementary revenue tax as follows: Villages 30 cents per capita; towns 45 cents per capita; cities \$3.30 per capita, and rural areas \$3.50 per capita. Altogether, the per capita contribution of the rural areas to taxation was \$12.50 as compared with \$3.80 per capita paid by the population of the urban areas.

Mr. MacLachlan believed that the Government would have made no mistake if it had imposed an income tax immediately after coming into office. It was, of course, very easy to cut down expenses by cutting out service given to the people. Anybody could do that. The Government had chosen the harder course, and endeavored at the same time to keep down taxes, maintain services and gradually to approach a balanced budget.

URGES ELIMINATION OF MOUNTAIN SCALE

A. R. McLennan, Edmonton (Liberal), urged the elimination of the mountain scale on the E. D. & R. C. Railway, saying that this must be done before the Brule cut-off or a line through any of the passes could be of advantage to Edmonton or the north. He asked the Government to sell the line to one of the transcontinental systems, in order to make on this line and the main system a single haul, instead of a double haul as at present. There was no more justification for a mountain tariff to the north than for a mountain scale on all the C.N.R. system, as a means of making up the deficit on the national roads.

Outlining economies in his department Perren Baker, Minister of Education, claimed that these had resulted in no loss of efficiency, as suggested by Mr. Davidson, but that in fact actual progress had been made. The total enrolment, it was true, was 672 less in 1924 than in the preceding year, but in the high schools there was an increase of 1,184. When there was such a large increase in the numbers attending high school, it would appear that a distinct step forward had been made. A total of 508 rural schools had held examinations over grade 8 in 1924, and 1,304 had held the grade 8 examination.

"The most urgent problem," Mr. Baker stated, "is to develop a system of

RESPONSE TO APPEAL

In response to the appeal for funds to assist the Red Cross Society to care for the family of a woman suffering from tuberculosis, the following donations have been received by Central Office:

Lethbridge U. F. W. A. W; Maritime U. F. W. A. W; Railway U.F.W.A. W; Anonymous, \$50; Carleton Place U. F. W. A. W; East Lethbridge U. F. A. W; East Lethbridge U. F. W. A. W. Total, \$68.50.

It is announced by the Red Cross that sufficient funds for the immediate needs of this case have been secured, although they are grateful at all times for contributions to their general funds.

1. *For the first time*
 2. *The first time*
 3. *The first time*

Keywords: child sexual abuse; disclosure; social support; coping strategies

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year's operations not one whit. . . . The result would have been nil." To measure the Liberal leader on this point he was referred to the estimates for 1925, which showed that the Government this year proposed to place the revenue from the subvention in capital account, while at the same time charging a portion of the expenditure on district and market roads to capital account. The whole question was one of bookkeeping merely, and had no effect on ultimate results.

The new system of accounting, as the Premier had shown, had added greatly to the efficiency of the whole Government service. The criticism that the Government had not adopted every recommendation of the Special Audit was not a proper criticism, since the members of the Government would have been lacking in a true appreciation of their duties if they were prepared to accept any report in its entirety, without close scrutiny and consideration.

Dealing with a criticism by Mr. Tobin, that the betterment of the financial condition of the rural municipalities was primarily attributable to the assumption by the Province of certain obligations for seed grain and relief which had been previously owed by the municipalities to the banks, the Treasurer said that this statement, if correct, would make no difference in the relative position of the municipalities, as the debts would still be owing. The fact was, however, that as the Premier had stated, seed grain and relief did not enter into any of the comparative statements regarding either the past or present, made on the floor of the Assembly.

REASONS FOR INCREASE IN PUBLIC DEBT

Mr. Tobin, with an air of mystery, had also suggested that the reductions made in controllable expenditure were not really reductions, because the Government was responsible for additions to the public debt, and that this portion of the debt must be regarded as adding to controllable expenditure. The fact was that a great proportion of the capital indebtedness incurred from 1922 to 1934 inclusive was necessary on account of obligations or commitments of the previous administration, this proportion being shown in the following figures:

Railways defaulted interest, reconditioning and extensions	\$4,330,615.96
Public Buildings	928,292.92
Guaranteed Notes, seed grain and livestock	1,402,225.68
Defaulted interest, Irrigation, Drainage	542,971.45
University of Alberta	2,563,151.54
Total	\$10,165,656.96

"It will be seen from the foregoing," said Mr. Reid, "that the amounts which I have mentioned total over ten millions — more than half the total amount added under our system, as the total increase amounts to \$13,141,391.44. It would be possible to analyze the total increase in public debt which would show that while the amount which I have mentioned was uncontrollable, certain other large sums could be classified as semi-controllable, as they were expenditures made necessary from the carrying out of fixed policies which had been inaugurated by the previous administration."

Remarking that Mr. Davidson's speech had been received with a high degree of appreciation by the Liberals, Mr. Reid wondered how the Calgary member had been able to reconcile the remarks he made about the University of all the members of the Assembly with the remarks he made in a previous

Pool Directors and Members of the Legislature Hold Enthusiastic Organization Meetings

Speakers From All Points Report Good Progress Made in Continued Northern Drive for Membership in Three New Co-operative Pools

The directors of the Co-operative Pools report that very satisfactory and enthusiastic meetings have been held throughout the northern part of the Province during the last two weeks. On March 14th meetings were held by the members of the three Pool Boards, assisted by members of the Legislature, at Cooking Lake, Totfield, Round Hill, Ryley, Iron Creek Local at Viking, and also Clover Lodge school house at Viking, Kinross, Irma, Wainwright and Chayrin, and all report very satisfactory results.

R. Love, M.L.A., and Mrs. Field of the U. F. A. report the meeting at Totfield at which the theatre was packed to the doors; a large number of contracts were signed; and a very active committee set up with the territory allotted for the completion of the sign-up.

The speakers from other points also were enthusiastic as to the manner in which the producers received their propositions and all are sanguine of the success of the Pools.

Enthusiasm at AM Meetings

R. A. Van Birken, the secretary of the Dairy Pool, reported having held a series of meetings, including Ashmont, St. Paul, Smoky Lake, Vilna, Highway Centre and Egremont, all but the last on the St. Paul line. He stated that although the weather was cold during the first part of the week the average attendance at the meetings was from forty to fifty people and in all cases a hearty reception was received.

To overcome the difficulty of having the Pools understood thoroughly in the eastern and northern parts of the Prov-

ince, the Boards have decided to have a number of contracts printed in the French language. The demand from St. Paul and points just west of there is very great and the people out there think it will be of distinct value to them in making a good sign-up of that district.

A. R. Brown has just finished a series of meetings in the country west of Edmonton on the Whitecourt line, and also reports a great deal of interest taken in the Pools.

Although the members of the Boards are greatly handicapped at this time on account of the bad roads and weather conditions, they are more confident than ever that the people of the Province are ready for the application of co-operative marketing to their problems and they are showing their faith by signing the contracts.

One Man's Work

One man of French descent living about 115 miles northeast of Edmonton, upon receiving a bunch of Pool contracts started out on a canvass and with no information except what he had gathered himself, backed up with his own personal enthusiasm for co-operative marketing, succeeded in two days in signing up 18 contracts for each Pool. This man is at the present time a member of a canvassing committee, the headquarters of which is located 33 miles from his home. However, he states that this is no handicap whatsoever, as he has realized that something must be done to solve our marketing difficulties, and, as this is the only system which has solved the problems in other places he is willing and ready to do his share regardless of any handicap.

Give Your Answer to the Enemies of the Poultry Pool by Signing the Contract Today

To the Members of the U. F. A., U. F. W. A., and Junior U. F. A.:

Profit-taking corporations are endeavoring by every conceivable tactic to prevent the formation of your Provincial Egg and Poultry Pool—just as they did the Wheat Pool.

Ask yourselves why they are doing this. Is it because of their love for you? In a recent speech, Aaron Eggebo said: "I am simply appalled to learn that Canada has done more with wheat in the last two years than the United States has done in the last twelve years; that Canada has actually done the thing that we in America had believed was impossible."

What you did once you can do again. Let's put the Egg and Poultry Pool over. Nothing can stop it but apathy and indifference.

We are doing all we can in the office to help you, but we cannot sign the contracts. We want and need every Birdy in the Pool, but she cannot sign the contract.

You, the Producers, must do that. There remains only a short period to get the required number of contracts signed.

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ELIZABETH T. WYMAN, Secretary.

speech (on the amendment to the address)". He then claimed that the amendment was necessary, and for that reason could not have his support.

SIR HENRY HAS NOT BALANCED BUDGET YET

Mr. Davidson had also suggested that if a man of the type of Sir Henry Thornton could be clothed with power to reorganize the Government service, this might lead to the balancing of the budget. Yet what had Sir Henry been able to accomplish? He

was brought in to reorganize the C. N. R. system, and, while this did not detract from the credit coming to that gentleman, it was safe to say that "the balancing of the budget of the Canadian National system is still a considerable distance away". Sir Henry had been able to accomplish what he had done "just exactly in the selfsame way as the Government of this Province is attacking their slither problem of getting out overhanging. By the instituting of economies, minor and major, but mostly minor,

for it is just by bringing together these minor economies that the major economies are possible."

The reorganization of the Treasury and Audit Departments were just the beginning of what might well be larger things. "For it must be remembered," stated the Treasurer, "that the Treasury and the Audit are the heart of the Government administration, and that the measures of control which have been established in connection with our accounting and purchasing are going to radiate from these two branches of Government into every single sector of Government, and that the result will be that we will be able to effect still further appreciable economies."

During the past year the Treasury and Audit Departments had been mainly engaged in the herculean task of preparing the first balance sheet of the Province. Now that this was accomplished time would be found for attention to reorganization of all the departments, so that in the near future it would be possible to say that a complete business reorganization had been effected.

ENCROACHING ON FIELD OF THE PROVINCES

The taxation conference at Ottawa must be regarded as the first step toward any effective adjustment of taxation. At present this was difficult, as the Provinces found their fields of taxation constantly encroached upon by the Federal Government. The Provinces were allocated certain exclusive fields of taxation under the B. N. A. Act, but unfortunately the Federal Government had powers also over these fields. "This presented no particular difficulty until recent years," said Mr. Reid, "because the Dominion Government was able to finance its indirect taxation for the most part, but the necessities of war compelled the Dominion to make considerable inroads into the field of direct taxation". Every instance of this kind necessarily curtailed the opportunities of the Provinces for raising revenue. The matter had become so acute that some adjustment must soon be made to equalize the burden, even where no new taxes were necessary.

NOT THE WAY THAT

BUDGETS ARE BALANCED

As to the balancing of the budget, Mr. Reid concluded. "We have been accused of treating this in a light-hearted manner, and not showing sufficient appreciation of the gravity of the position in which the Province finds itself. What should we do? Should we do as the Biblical characters did—sit down by the side of the stream and wring our hands and weep, and then introduce a budget of despair? Will that balance the budget? That is not the way budgets are balanced. We move steadily in that direction, and when we do reach the balancing of the budget, no one will be aware of the amount of hard work and worry that is behind that accomplishment."

HOW THE MEMBERS

VOTED ON BUDGET

The budget resolution was carried on March 19th by 28 votes to 1, being opposed only by the Liberals and W. M. Davidson. The vote follows:

For the Motion—Messieurs Rodley, Reid, Ross, V. W. Smith, Baker, Matheson, Clayton, MacLachlan, Sparks, Cameron, Galloway, Shield, Brown, Washburn, Andrews, Buckley, Polanson, Cook, W. C. Smith, G. W. Smith, Strigam, G. N. Johnston, Sanders, Frodfoot, Gagner, Chertoux, Christopher, W. O. Johnston.—28.

Against the Motion—Messieurs Mitchell, Brown, Mrs. McChung, Mills, Dechenne, McLennan, Milne, Davidson.—1.

Paired—Mr. Arnold, Mr. Givens, against McKean, for; Hetherington, against; Fargue-Barnon, for; Tobin, against; Brownlee, for; Marshall, against.

WOULD WIPE OUT

INTEREST ARREARS

Something should be done to wipe out interest arrears in the drought area, against people who had become overburdened with debt, in the opinion of W. O. Johnston, Medicine Hat (Labor). Interest in many cases, said he, had mounted until it was greater than the original debt. The "drifters" had now left the district and most of those who remained were among the best citizens of Alberta.

Mr. Johnston also urged that there should be some tax reduction in these areas. The wild lands tax became operative as soon as cultivation ceased, and this was a serious hardship in many cases. The heavy penalty on tax arrears was unfair and the Tax Recovery Act without the penalty should be enough. Some assistance would be needed by the farmers this spring and, Mr. Johnston suggested, it would be a wise plan for the Government to bring pressure to bear on the mortgage companies to supply seed.

WOULD BE WORTH \$1.19 IF WAR CAME

Mr. Johnston quoted figures originally given by Senator Robertson to the effect that Canada had spent \$5,121,000 on immigration between 1920 and 1934, and that during that period 121,017 immigrants had been brought in, while 120,192 persons had emigrated from the country. Calling attention to the demonstration of unemployed in Edmonton, the member blamed the Dominion authorities who had hitherto been responsible for the immigration policy, for their absolute refusal to take responsibility for relief. There were many ex-soldiers unemployed, and many deserving cases. "If a war came," said Mr. Johnston, "the Dominion Government would be ready and willing enough to pay these men \$1.19 a day, and feed and clothe them." Why should they be allowed to reach the starvation line in peace-time?

The Medicine Hat member advocated legislation to compel automobiles to stop at all railway crossings before proceeding. He believed that as a means of ensuring success of the farmers' co-operative pools co-operative banking should be undertaken, and gave some interesting statistics in regard to the success of co-operative labor banks in the United States.

ONE METHOD OF "BALANCING BUDGET"

Commenting Mr. Dechenne's oratory to a pigmy river in flood, A. M. Matheson, Vegreville (U. F. A.), cited them by them, the demands for new expenditures made by the Liberal "economists". Mr. Tobin and Mr. Dechenne wanted expenditures on railways, Mr. Mills on new road construction, Mrs. McChung on pensions for widows, while Mr. Marshall demanded that the Government "balance the budget" by giving a portion of the revenue under the Liquor Control Act to the cities. The only concrete suggestion for saving money was the reduction in the indemnities of the private members, and this demand was led by the new leader of the Liberal party, who expected to receive this position an additional indemnity of \$2,500 by virtue of being elevated to the leadership. This reminded Mr. Matheson of the man who was "willing to sacrifice his wife's relations". As a measure of economy, the member suggested that Mr. Mitchell sacrifice his indemnity for ten years, as he was surely good for ten years in the position of opposition leader.

Mr. Matheson differed with Mr. Skelton's opinion that posterity should bear a large share of the burden of debt, and declared that at least half our economic life was due to interest on debt. "The most burdensome burden derived by human ingenuity". He hoped to see some scheme devised that would stop the adding of burdens of interest to be met in the future. Audit of municipal accounts by a chartered accountant was advocated by the member, who also commended the initiative shown by the Minister of Agriculture in establishing field agents. Fairs were not fulfilling their proper function, and grants should be cut until the budget balanced.

The railways, Mr. Matheson believed, could never pay as branch lines, but only as feeders for a larger system. If two and a half million were to be paid in respect to these lines for 30 years, the total would amount to \$45,000,000. The longer the Province carried the burden, the more serious it would become.

Mr. Matheson concluded with a humorous commentary on changes in public psychology, remarking that the same people who a few years ago were crying "Spend, Spend," now saw salvation in nothing but a policy of "Save, Save".

Assembly Unanimous in Support of Farm Loans Resolution

FRIDAY'S SITTING

EDMONTON, March 29. — By unanimous vote the Legislative Assembly today adopted a resolution moved by R. G. Reid, Provincial Treasurer, to the effect that the Legislature "do continue to urge on the Dominion Government the necessity for a Federal Farm Loans scheme, and request that action be taken at the present session of Parliament to make the necessary provision to make such a scheme effective". J. C. Brown, one of the Liberal members for Edmonton, had announced in a brief speech that he was definitely opposed to the resolution, but when the vote was taken he failed to raise his voice in opposition. The Liberal leader, C. E. Mitchell, while stating that he would support the resolution, declared that the Government had introduced it entirely for political purposes, and devoted the greater part of his speech to an attack upon the Alberta Government. Mrs. McChung, Edmonton (Liberal), gave the resolution the most whole-hearted support, expressing her conviction that an absolutely united voice from the Alberta Legislature was desirable on this question, that no attempt should be made to raise side issues by asking what the Alberta Government would do if the Federal Government failed to provide the desired legislation. Opposition might be expected from Western interests, she said, and nobody in the Legislature should strike a divergent note or do anything that might be used as a means of strengthening that opposition.

NEARLY ALL EMPLOYEES ARE RETURNED MEN

At the opening of the sitting, J. E. Brownlee stated in answer to a question from the Liberal benches that of the total of 120 persons employed by the Liquor Control Board, 116 were returned men. It was also stated by the Government that an announcement of policy in respect to the Spray Lakes hydro-electric power proposition will be made before the end of the session.

In moving the adoption of the resolution on Federal Farm Loans, Mr. Reid pointed out that it constituted, practically, of a reaffirmation of the stand taken by the Legislature by unanimous vote last year. The development of a suitable system of long term loans and rural credits, he declared, "is one of the greatest needs of the Province, from the standpoint of its future prosperity and growth."

It might be asked whether the provision of such credit facilities was the proper function of the state. His answer to that was that any object which could be more effectively accomplished through private agencies than through the action of the Government should be left to private agencies, but when private agencies failed to provide the necessary facilities, it became both the business and the duty of the Government to undertake the responsibility.

REPEAL OF LEGISLATION WILL NOT PROVIDE CURE

It had been said, added Mr. Reid, that if we removed certain legislative obstacles in this Province, capital would flow in at cheap rates. With this the Provincial Treasurer did not agree. There was no evidence whatsoever to show that rates of interest were cheaper before the legislation complained of had been passed, than it had been since.

"In my judgment," said Mr. Reid, "there will be no satisfactory adjustment of the vexed question without the intervention of the Government." Canada, he pointed out, was lagging behind various European countries, and even behind the United States, in this matter. It was distinctly to the interest, not alone of the farmers, but because it would benefit agriculture, of all Canada and all the people of Canada, irrespective of class, that the desired legislation should be enacted. So long as Government aid in establishing an important new

undertaking of this character did not prevent the industry from standing on its own feet, did not create a tendency among the people to lean on the Government. It was all to the good.

FEDERAL SCHEME ESSENTIAL, SAYS REID

It was also generally recognized, said the Treasurer, that successful operation of a system of farm loans required a Federal rather than a Provincial scheme. In the scheme adopted in the United States, the object had been to equalize interest rates from the Atlantic to the Pacific, in order that the farmers in the pioneer settlements might not be penalized by the exaction from them of higher rates than were paid elsewhere. It would be impossible to establish equalized rates in Canada, except under a scheme of a Dominion-wide character.

History, in the countries where long term loans for agricultural purposes had been established, showed that after their introduction interest rates were gradually reduced. In New Zealand the cost of operation had been brought down step by step, until it was approximately one-half of one per cent. Experience had shown the tremendous difficulties which stood in the way of the successful operation of a scheme of this character in one Province alone, and it was not likely that a plan adopted on the Prairies alone would operate at less than one per cent. cost for some time to come.

"It is manifestly easier for the Federal Government to put into operation a farm loan undertaking to the extent that is necessary to make it effective and efficient, than it would be for a Provincial Government," declared the Minister.

"Will a farm loan scheme be a sound business undertaking? Will it stand on its own feet? Will it lean on the Government?" were questions raised by Mr. Reid, who stated that experience in other countries had shown that the tendency was not to lean upon Governments, and that the original cost of operation, generally about one per cent., was progressively reduced.

Robert Pearson, Calgary Independent, asked the Minister if he would when winding up the debate, state whether the Alberta Government would bring a long term loan scheme into effect, if the Federal Government failed to do so. The Federal Farm Loan Board in the United States, he believed, had been created as the aftermath of the war, primarily for the assistance of soldiers settling on the land.

NOT FINAL SOLUTION, SAYS DONALD CAMERON

Donald Cameron, Innisfail (U. F. A.), said that the urgency of immediate action had been much impressed upon him by a study of farming conditions in Alberta. "I do not consider that this is a final solution," he added, "for my belief is that there can be no final solution short of the Nationalization of Credit. But this plan, nevertheless, will go a long way to help in the solution of the immediate problems pressing upon the farmers, and for that reason I have my whole-hearted support. I am satisfied that one of the greatest factors in the failure of so many farmers to make good has been the lack of satisfactory credit facilities. They are called upon to pay from eight to ten per cent. interest, while producing products which must compete with those of other countries where credit is obtainable at seven per cent., this percentage including not merely interest, but repayment of capital on the amortization plan as well."

MITCHELL SEES ULTIMATE MOTIVE IN RESOLUTION

C. H. Mitchell, the Liberal leader, changed the atmosphere of a debate which had hitherto been free from the suggestion of political controversy, by charging the Government with a political motive in introducing the resolution. It seemed like ancient history, he said, to be discussing a resolution to long term loans, for he remembered discussing this matter several years ago at a U. F. A. Convention. A Farm Loans Act had been passed by the Government of which he was a member, but for reasons over which the Government had no control, was not made effective. Mr. Mitchell was surprised that the present Pro-

vincial Treasurer should seek to waste the time of the Assembly "in the discussion of a question which was settled in principle long ago." He had introduced the resolution "entirely for the purpose of calling attention to the idea that the present Government was anxious to do something in the matter." Everything essential had already been done. The only difficulty was the obtaining of the necessary money.

The Liberal leader then went on to repeat the charge made at the last session of the Assembly, that the U. F. A. Government had repealed a perfectly good act passed by the Liberal Government, when they introduced a new one in 1924, which, in his opinion, was not so good as his own.

Coming back to the motion before the Assembly, Mr. Mitchell asserted that it was merely "passing the buck to the Federal authorities." "I hope," he added, "however, that it will not be necessary for this Province to go into any farm loan scheme, owing to the heavy financial obligations which would be involved. But the Alberta Government, by passing a bill last session, raised false hopes. What will happen if the Federal Government fails to pass the necessary legislation—what then?"

After expressing his views on the resolution, Mr. Mitchell proceeded to state that the really most pressing of all subjects before the Assembly, was that of legislation affecting mortgages. The present Government was hampered by such legislation, enacted in past years, but the U. F. A. Government, when came into office with a free hand, had done nothing very much to rectify matters. The Attorney General and other members of the Government had stated publicly that the mortgage legislation was altogether satisfactory.

Mr. Brownlee, the Premier, Mr. Reid, rose in succession to deny that they had ever made any such statements, and Mr. Mitchell remarked that he had gained a "mental impression" somewhat to this effect. "I believe," he added, "that our mortgage legislation is keeping money out of the Province." If the Government would remove the objectionable features they would be doing "better business than all the business of the past three sessions taken together."

"The leader of the opposition has launched into an attack upon the present administration because last year they introduced a bill dealing with farm loans, which they have not brought into effect—yet for four years the Government of which he was a member had an act which he says was idealized in terms on the statute book, which they did not bring into effect, the only reason given being that they could not get the money," said J. E. Brownlee.

"The Liberal leader," the Attorney General continued, "also says that he hopes the Province will not attempt to bring the legislation into effect. He knows just as well as we do that this is a matter for the Dominion. Why then all this row, all this abuse?"

Mr. Mitchell, who had heard indistinctly, rose to protest to the speaker against the term "all this row," which he believed Mr. Brownlee had used.

"If the honorable leader wishes to take it that way," rejoined the Attorney General, "I have no objection."

Because the Provincial Treasurer, in a quiet and unassuming way explaining the purpose of the resolution, had said what everybody knew—that this was a Dominion question, Mr. Mitchell had found occasion for an entirely partisan political speech.

"What our mortgage legislation has to do with the matter I do not know," said Mr. Brownlee. "It has no bearing on the resolution, and if it had not been raised in the manner in which it has been raised, I should not refer to it here. Nothing has ever been said by myself that could lead to any such conclusion as that expressed by the honorable member."

Mr. Brownlee said that the reinstatement of the attachment clause in mortgages and the Crop Payment Act had vastly improved the situation in Alberta from the standpoint of the mortgage companies, and declared that Mr. Mitchell was trying to pressure brought to bear to create the belief that Al-

berta stood alone in retaining "terrible legislation" concerning mortgages. "We intend to bring in legislation this session to improve the position of the personal covenant in mortgages, but we will not do all that the companies ask for, as some of the things they ask for are unfair," stated the Attorney General. A document prepared by the mortgage interests, which he had seen, stated that Alberta had not half the number of priorities that existed in Saskatchewan and Manitoba.

"We will not promise that the legislation in the matter of the personal covenant will be repealed at this session or the next," Mr. Brownlee continued. "The mortgage companies have suffered from one cause, and from one only—hard times, though it is true that this has been supplemented by 'propaganda.'"

"OBVIOUS THING" MAY NOT BE GOOD STATESMANSHIP

There seemed to be a common idea abroad that it was always good statesmanship to do the "obvious thing," yet this might be the worst kind of statesmanship. Large increases in telephone rates, for instance, might mean cutting off 50 per cent. of the business. Mr. Brownlee said he had never hesitated to tell the mortgage men that he would advise certain things when he thought the time proper, but if two years ago he had given the "remedial" legislation asked for, times would have been much harder in Alberta.

The Attorney General said he was not sufficiently satisfied as to the intentions of the Federal Government in the matter of farm loans to rest quietly and do nothing to urge them to introduce the desired legislation. It might be that Mr. Mitchell had some information on the matter.

J. W. Heffernan, Edmonton (Liberal), thought there was "nothing to" the resolution, though he had no quarrel with the principle. He favored the removal of undesirable legislation affecting the personal covenant.

Mr. Moore: "Does the member make the same reservation as the member for Lac Ste. Anne, that the mortgage companies must first agree to accept a maximum of 5 per cent.?"

Mr. Heffernan did not know of a case in which the personal covenant had been enforced under present legislation, when a man was resident on the property concerned.

BOWEN OPPOSED TO "DUMMY RESOLUTIONS"

"I am opposed to this dummy resolution which is not intended to lead to anything," announced J. C. Bowen, Edmonton (Liberal).

"The matter of farm loans is too serious to be dealt with from a party standpoint," declared W. G. Fargacharson, Stirling (U. F. A.). Other Provinces, acting alone, had been unable through their schemes to influence the interest rate materially, and Federal legislation was imperative. The member hoped that all members of the Assembly would forget considerations of "political expediency" and support the resolution. Dr. Torg had declared that the United States farm loan scheme had "kept many farmers in the Northwestern States on their farms."

R. C. Marshall, Calgary (Liberal), said he would support the resolution. "Let's have it unanimous," he urged. He asked what plan the Provincial Government had in the event of the Federal Government turning the recommendation down. He wanted to know whether the Alberta Government was trying in this matter to "play party politics."

Mr. Reid replied that it would be presumption on the part of the Alberta Government to tell the Federal Government exactly what plan should be adopted. The matter had been considered very fully at the last session of Parliament.

"NOT GOOD PSYCHOLOGY" SAYS MRS. MCCLUNG

"I shall certainly vote for the resolution, and I am fully prepared to believe that there is not more in it than meets the eye," declared Mrs. McClung, Edmonton (Liberal), emphatically. "We ought all to show Ottawa that we unflinchingly support it, with enthusiasm and good fellowship. It is not good psychology to suggest that we are likely to be turned down, and for this reason we should not ask

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this Government what they will do if the scheme is turned down at Ottawa. There will be enough opposition in the East as it is."

"PRIORITIES" NOT THE REAL TROUBLE

Dealing with a suggestion that money was not coming into the Province because of the existing "priorities" affecting mortgages, R. Brown, High River (U. P. A.), said he had never believed this, and believed it less today than ever. Not a word about priorities in Alberta was mentioned in a recent pamphlet issued by the Mutual Life Insurance Company which he held in his hand, but on the other hand it was stated that the company "had never lost faith in Western Canada as a safe field for mortgage investment", and that following an extended Western trip by local officials in 1923, the company was "carrying on a more extensive banking policy". Economic conditions constituted the only reason why money had not been easily obtained recently, said Mr. Brown, and this was largely due to the policy of "deflation".

George Handley pointed out that Mr. Reid had stated that the Federal Government was willing to consider a farm loan scheme, if it was "in the opinion of the Province" desirable.

Mr. Reid, winding up the debate, confessed that he was mystified by the attitude of the Liberal leader, who, after saying that the resolution was unnecessary, declared that he himself "supported it sincerely". Did he suggest that the Government was not sincere? As to the U. P. A. resolution on the subject, about which Mr. Davidson and Mr. Tobie had inquired, Mr. Reid declared, "I take no objection to the U. P. A. resolution, except that it is weighted down with too much detail." If one could not get everything one desired, it was desirable to get the next best thing, and the essentials were a four per cent, lower interest rate, and the simplification plan of repayment. He fully agreed with Mrs. McChung's remark on this resolution. It was not advisable to assume that the Federal Government had not worked out a plan, and to jeopardize the possibility of getting anything by telling them just what their plan should be.

SEED GRAIN POLICY UNCHANGED

Answering a question by Mr. Mitchell with reference to seed grain, Mr. Handley read the letter which is sent to exhibitors, announcing that there has been no change of policy. In cases of extreme distress relief had been given by Mr. Friesen after thorough investigation.

Second reading was given in a bill to amend the Corporations Tax Act. This is to meet changes made by railways in conducting their express business. Without the amendment of the act, one company would be free from taxation.

MOVE REDUCTION IN ATTORNEY GENERAL'S SALARY

At the evening sitting, estimates of the Attorney General's department totalling \$1,267,182 on income account, were agreed to in principle by the whole. There was a slight breeze at the opening of the sitting, when the chairman, M. C. McKeen, stated that according to the rules any amendment that might be moved should be in writing, and he wished at least that suggested changes of figures be in writing. Mr. Mitchell, who had moved a reduction from \$1,500 to \$1,000 in the Attorney General's salary, protested. Mr. MacLachlan said he agreed that to make motions in writing would involve unnecessary delay. W. M. Davidson supported Mr. McKeen's ruling, on the ground that "expedient was preferable to speed", while Mr. Handley agreed with Mr. Mitchell's and Mr. MacLachlan's view of the matter, saying that the rule had never been insisted on.

The motion to reduce the salary was then defeated, the Labor and Independent members present voting with the Government. Dr. Stewart was not present.

[Details of Friday evening's sittings, when reductions in the estimates totalling \$30,000 were moved by Liberal members of the Assembly, are unavoidably held over till our next issue. A summary of the work of the Department of Agriculture, as given by Mr. Handley in the debate on the budget, will also be given next issue.]